GOP HOUSE FAILS AMERICA'S FAMILIES



Interim End of Session Report: A GOP House of Fraud & Failure

[T]he 107th Congress is running out of time to redeem its thin, disappointing legislative record. ...It failed completely to deliver on its promises for a patients' bill of rights, prescription drug coverage, welfare reform and an innovative energy strategy. Even vital measures directly related to Sept. 11 — bills providing for homeland security and terrorism insurance — have stalled.. Basic budget problems also remain unresolved. Of 13 appropriations measures, only the defense spending bill is likely to be approved before Congress goes home. A continuing resolution to keep the government afloat will therefore be required. So will a post-election lame duck session to finish the appropriations process. (New York Times editorial, 10/9/02)

When President Bush was elected, Republicans in Congress had a unique opportunity – they had an opportunity to fulfill the promises of bipartisanship, civility and reform that then-Governor Bush ran on. Instead, the American people were quick to discover that Republicans in Congress were not interested in that agenda. Rather, they were pursuing the priorities of key special interests. In fact, before September 11th, Americans 2-to-1 believed that Republicans and President Bush were beholden to corporate special interests. This was after Republicans had pursued the massive Bush Tax cut, the Big Oil Energy plan, and environmental & public safety rollbacks. These policies were bought and paid for by special interests, like the Tax Relief Coalition and Enron.

With the September 11th tragedy, Americans believed that the GOP would take on a more bipartisan and less brashly political stance. That was generally true with issues related to the war on terrorism. Unfortunately, this has not be the case on the bread-and-butter issues that most families face in their everyday lives. It is apparent that on the major domestic issues – retirement security, prescription drugs, the economy, and corporate accountability – that Republicans are still pursuing the agenda of the special interests, instead of working in a bipartisan way to make progress.

In fact, when you look at the overall record of the 107th Congress very little has been accomplished, aside from legislation arising out of September 11th, several Republican economic priorities (tax cuts & trade) that have added to our economic problems, the farm bill, and several Democratic priorities that Republicans opposed or delayed (campaign reform, election reform, economic stimulus, accounting reform).

They have failed to enact legislation on a raft of issues both important to the American people, and in some cases on their very own political agenda including: 11 of the 13 spending bills to keep the government running, unemployment assistance, minimum wage increase, drought relief, making polluters pay, Amtrak funding, hate crimes, welfare reform, restoring Medicare provider cuts, energy security, tax breaks for faith-based organizations, bankruptcy reform, terrorism insurance, and Social Security privatization.

To hide their failure on the top priorities of most Americans, Republicans have passed

fraudulent bills (prescription drugs, pension protection) in order to take credit for passing something, even if it fails to address people's concern. Given their record of failure and fraud, it is no wonder that House Republicans have been waging a year-long campaign to distract from their record of non-achievement by pinning the blame on Senate Democratic Leader Daschle.

The reason for the GOP House failure is simple: they refused to work in a bipartisan way, and instead are driven by special interests. That is what has stymied real progress for the American people.

Just take a look at some of the key priorities of the American people. On the economy, Republicans have maintained one answer to the economy – tax cuts. It was not enough for Republicans to blow a hole in the deficit and squander the entire budget surplus with the initial Bush tax cuts in 2001. Ever since, they have sought to make those tax cuts, which don't expire until 2011, permanent as a way of stimulating the economy now. Of course, these tax cuts are simply paybacks to the wealthy individuals and corporations who fund GOP campaigns. Even as the economy continues to stagnate, House Republicans are not acting on a plan to help families get through these tough economic times and to stimulate real economic growth.

Affordable health care and prescription drugs are a key issue for most American families. This year, health care spending has risen 7% (the largest jump since 1993), with prescription drug prices going up 10%. Despite this, Republicans have not worked in a bipartisan way to lower the cost of health care and prescription drugs. Instead, they have passed a partisan prescription drug bill that they knew would never be enacted (and in fact it was drafted with that intent), and are refusing to move on a bipartisan bill passed by the Senate 78-21 that would lower the costs of prescription drugs for all Americans by \$60 billion. These are gifts to the pharmaceutical industry that is pouring millions of dollars into ads for Republican candidates, and millions into GOP campaigns.

On retirement security, Republicans have failed to enact a meaningful pension protection plan. Instead, they have a fraudulent pension bill to protect CEOs, not protect people's pensions. Further, Republicans have a plan to privatize Social Security. And yet the GOP leadership has made a political decision that they don't want Social Security privatization debated until <u>after</u> the November elections, as they know that seniors are worried about benefit cuts. Of course, Wall Street contributors and business groups have been running ads for the GOP and pouring campaign contributions into GOP coffers in return.

On corporate accountability, Republicans sided with the accounting industry in voting against real reforms that would hold executives accountable. They passed a weak bill that passed the buck to the Securities and Exchange Commission. Then came the WorldCom scandal. At which point, Republicans quickly reversed their position, embracing the Democratic Sarbanes bill. Of course, since enactment, Republicans have sought to undercut the bill – most recently by nixing a pro-reform candidate to head up the oversight board.

With this litany of actions on behalf of special interests, it is no wonder that the American people again believe that Republicans care more about corporations than ordinary people

like themselves who work hard to provide for their families. A recent poll shows than nearly six in ten Americans believe that Republicans in Congress are more interested in protecting the interests of large corporations than ordinary Americans. Further, President Bush has been spending so much time raising money for Republicans, he is being called the fundraiser-in chief. Perhaps if he focused as much attention on the economy as he did fundraising, then the nation wouldn't have lost 2 million jobs over the last year and a half.

These failures unfortunately have a real impact on people. The Republicans have failed to accomplished much of anything, as the economy has faltered, putting a real squeeze on America's families. With Bush and House Republicans in charge, incomes are down, while health care costs are up. Further, millions of people have lost billions of dollars in pensions, while unemployment is on the rise. It is no wonder that the American people believe that the country is on the wrong track.

With people facing these issues, one would think it would Republicans might stay and see if they could reach across the aisle to get a compromise on some of these kitchen table issues instead of surreptitiously voting themselves an electoral holiday and leaving town for a month while the American people suffer the consequences of inaction.

This report contains the following sections:

- I. The Failed House GOP Record
- II. Special Interests Driving the Failed GOP Agenda
- III. GOP Fail as American People Face Real Difficulties, including state-by-state numbers on a variety of economic and health statistics

Top Ten Things House Republicans Voters Do No Want Voters to Know

I. The Failed House GOP Record

When it comes to the American people's top priorities, it is clear that even under the most favorable analysis, the GOP have a record replete with failure and fraud. House Republicans have failed to accomplished much of anything except for the bipartisan work on September 11th relief and anti-terrorism legislation.

If Republicans would have been willing to work in a bipartisan way on the nation's other top priorities, as they generally did on the September 11 legislation, America's families could have seen lower prescription drug prices, stronger corporate accountability measures, and a real economic growth package.

On a number of the top priorities of most Americans, Republicans have passed fraudulent bills in order to say they have passed something, even if it fails to address people's real, everyday concern. On issue after issue, House Republicans have been more interested in passing fraudulent and partisan bills for their special interest friends, and then shifting the political blame to the Senate to hide their failure.

This section goes through the House GOP failures on the major kitchen table issue of the day. It shows that House GOP have:

- No Real Budget with only 2 Appropriations Bills Enacted, but rather a Bill to Cut Education Funding for Kids, all resulting from their Failed Economic Tax Cut Plan;
- No Economic Plan to Get the Country Moving Forward, but rather a Bad Economic Plan of Tax Cuts for the Wealthy that Squandered the Budget Surplus and Wrecked the Economy;
- No Retirement Security Plan, but rather a Pension Plan for CEOs, not Employees and a Plan to Privatize Social Security for Wall Street contributors;
- No Crackdown on Corporate Expatriates or Commitment to Corporate Accountability; and
- No Prescription Drug Bill Enacted, but rather a Fraudulent Prescription Drug Bill Bought, Paid for, and Written by the Pharmaceutical Industry.

No Real Budget – Only Two of the 13 Appropriations Bills Enacted, Instead they Have a Plan to Cut Education

"Postponing action on the spending bills... until next year is a fool's errand," Armey wrote. "Americans sent us to Washington to get the job done this year." (Congress Daily, 9/5/02)

Republicans have failed to fulfill one of the most fundamental tasks expected of Congress – to pass the appropriations bills required to run the federal government. In fact, only 2 of the 13 spending bills are on their way to enactment, even though the fiscal year started 16 day ago. The House has failed to even consider 8 of the remaining 11 spending bills that are needed to keep the government operating.

The GOP have been unable to carry out their most basic responsibility because their economic program, which has squandered the federal budget surplus on tax cuts, has failed and their budget does not provide the necessary funds to meet the critical needs of America's children and families.

Under the Constitution, the House initiates spending bills. So House inaction has stifled action in the Senate – which has completed all committee work on the spending bills and is waiting for the House action to consider these bills on the Senate Floor. House Republican Leadership has failed to lead and develop a course of action to get the appropriations process moving.

Already, Congress has enacted 3 emergency stopgap spending measures to keep the government from shutting down, and it has now become clear that even more will be necessary to keep the government running. Republicans are talking about simply giving up – passing a stopgap spending bill that continues funding the government until after the election or sometime next year. However, this would postpone any real work on critical decisions that must be made in order to finish the appropriations work until after the November 5 election. Further, delaying these funding measures in essence means freezing key programs, thereby turning their backs on the need of the American people. Such an irresponsible abrogation of duties would mean Republicans are cutting back on resources for education, homeland defense and the SEC, among other priorities. In fact, the *Wall Street Journal* reported:

"For all the rhetoric about stepped-up policing of corporate activities, the Securities and Exchange Commission will have to wait for the substantial funding increases promised last summer. The Department of Veterans Affairs won't be able to keep pace with medical costs, and from the Customs Service to the Federal Bureau of Investigation, agencies important to homeland security will have to scramble just to meet pay increases going into effect in January." (Wall Street Journal, 9/27/2002)

Democrats will continue to fight for timely enactment of appropriations bills that provide for our national defense, protect our environment and meet the security, education and health needs of America's children and families.

A key reason for their failure is that the President and House GOP are working to pass a Labor-HHS-Education appropriations bill that reflects the President's budget, which would starve federal education programs of vital resources. Because the GOP budget holds aid to local schools virtually flat in the face of rising school enrollments and the demands for raising education standards in the "No Child Left Behind" Act, even some Republicans oppose this plan.

Instead of the decade-long strong and consistent growth in support to local schools, the GOP's budget holds aid to local schools virtually flat in the face of rising school enrollments and the demands for raising education standards in the "No Child Left Behind" Act. As described by House Appropriations Committee Democrats, the GOP Budget:

- Slashes 82% of the proposed growth of Title I. Instead of a \$5.65 billion increase in Title I called for in "No Child Left Behind" the President's budget provided an increase of only \$1 billion. Even calling this an "increase" is highly questionable. In fact, most of the "increase" is financed by ending other education programs directed at the same needy schools served by Title I. So that schools will be given funds with one hand, and have them taken away with the other -- thus leaving needy schools with no real additional funding at all.
- Freezes funding for the Teacher Quality State Grant Program. The President's budget is \$71 million below the amount needed to keep up with inflation and \$404 million below the "No Child Left Behind" authorization for the teacher quality state grant program. This is the primary federal program designed to help teachers meet the new qualifications. The Bush budget would support only about 316,000 teachers about 92,000 below the level supported in "No Child Left Behind" and 16,000 fewer than in the current year.
- Freezes funding for after-school programs. The Bush budget provides no adjustment for inflation or for increased applications for assistance from local school districts for after-school programs that give children a safe place to go when school is out. This would result in 50,000 children being eliminated from participation in after-school programs that help keep kids safe and off the streets.

So Republicans hope to put off voting education funding until after the election. That is because Republicans want to hide from the voters the fact that rather than fulfilling the promise of the No Child Left Behind Act, the House Republicans are planning to cut education initiatives in the Act by a net total of \$90 million, leaving 6 million needy children behind. As the New York Times noted last week, "the White House has put heavy pressure on loyal Republicans to vote against popular education, health and environmental programs. For obvious reasons, these are votes that the Republicans would just as soon delay until after the election." (New York Times editorial, 10/9/02)

No Economic Plan to Get the Country Moving Forward, Instead Have a Bad Economic Plan of Tax Cuts

Republicans have failed to put together an economic program to get the economy moving forward. Instead, they have a bad economic plan of nothing but tax cuts for wealthy that has squandered the budget surplus and wrecked the economy.

The major accomplishment of the new GOP Administration and the Republican House of Representatives has been the huge, nearly \$2 trillion tax cut the GOP enacted to please wealthy contributors. This irresponsible tax cut, rather than bringing prosperity to our country, has blown a hole in the budget undermining economic fundamentals important to promoting economic growth. Further, this tax plan is threatening the Medicare and Social Security trust funds, and is jeopardizing needed spending for key priorities such as education and prescription drugs.

Over the summer, as economic news has become increasingly worse, Republicans instead of working in a bipartisan way to craft a plan to get the economy moving, have continued on their drive to make the GOP tax cuts for the wealthy permanent. This week, in the final hours of Congress before the election, House Republicans may try to pass the Charles Schwab investor tax cuts – a package of measures long on rhetoric and for the well-off, and short on remedies to help the majority of working Americans struggling in this economy. These are not intended to be enacted, but rather to put out a campaign ad. Republicans have no real solutions for the families that are struggling to make it during this economic slump; they have only a failing economy, not helped by their irresponsible tax cuts, and press releases about more tax cuts.

That Republicans are failing to address these economic problems comes as no surprise. Last fall, after September 11th, Republicans loaded up the economic stimulus bill with tax breaks for corporations, like Enron, delaying help to the unemployed for four months.

It is clear that Republicans have only one answer when it comes to the economy – more tax cuts for the corporate and special interests that have put them in office. After corporate interests aided in passage of the GOP tax cut, business supporters were promised tax cuts down the line, and Republicans have worked to fulfill that promise. First, the House GOP loaded up the economic stimulus with corporate tax breaks. Then, they passed a bill pushed by the corporate interests to make all of the Bush tax cuts permanent. Now, as that bill will not be enacted, the House has launched a tax cut PR campaign voting on making a different tax cut permanent each week, even though it is clear that the Senate will not pass these partisan tax cuts.

Budget Surplus is Squandered on Tax Cuts for the Wealthy; No Room Left for Key Priorities

"... Bush and his backers insisted the country had more than enough money to fund the tax cut, offer Medicare prescription coverage, increase military spending and pay down the national debt. It turned out not to be the case." (The Buffalo News, April 28, 2002)

When President Bush was inaugurated, the United States had the largest surplus in our nation's history. Now he and Congressional Republicans have squandered the surplus. Excluding the surpluses run by the Social Security and Medicare Trust Funds, the federal budget will be in deficit this fiscal year to the tune of more than \$157 billion, and will remain in deficit for the foreseeable future.

The Congressional Budget Office reported in August that \$5.3 trillion out of a \$5.6 trillion surplus for 2002 through 2011 had disappeared. Republicans in their FY 2003 budget voted to spend all of the Medicare surplus, and (89%) of the Social Security surplus, generally on government funding, from 2003 through 2007, while creating a \$830 billion on-budget deficit. This is the most radical fiscal reversal in American history.

Last year's tax cut is the largest single cause of the fiscal collapse. In fact, over the tenyear window, as the Baby Boomers begin to collect Social Security and Medicare benefits, the tax cut is responsible for 40% of the deterioration of the budget, according to the GOP's own OMB — greater than the effect of the economy, and far greater than the costs of the war against terror.

Not only are the tax cuts threatening the Medicare and Social Security surpluses, but the tax cuts are squeezing out important spending priorities that most Americans support. For example, given the budget squeeze, the Bush Administration proposed cuts in student loans to pay for emergency supplemental funding. Further, the GOP drug benefit is meager, in part because the needed funding has been spent on tax cuts.

Not only was the \$2 trillion tax cut too big, it also is skewed to the wealthiest American households. According to Citizens for Tax Justice, 38% of the tax cut goes to the top 1%; the top 1%, with incomes averaging more than \$1 million per year, will get an average tax cut of \$53,123. The top 10% of taxpayers would get 57% of the tax cut. Meanwhile, the 60% of American families with incomes of \$44,000 or less would get less than 15% of the tax cut, averaging \$347 per year. Further, the Bush plan provides no tax relief at all for 5.8 million families with children.

Income Group	Average Income	% of Total Tax Cut	Average Tax Cut
Bottom 60%	Less than \$44,000	15%	\$347
Fourth 20%	\$56,400	14.5%	\$1,026
Next 15%	\$97,400	23.7%	\$2,234
Top 10%	\$256,000	56.5%	\$7,981
Top 1%	\$1.1 million	37.6%	\$53,123
All	\$57,800	100%	\$1,404

Source: Citizens for Tax Justice

Business Contributors Were Promised Future Tax Breaks

Businesses that filled the campaign coffers of Republicans sought to add more than a trillion dollars in corporate tax breaks to Bush's bloated tax cut bill, including the repeal of the corporate alternative minimum tax – which ended the practice of profitable corporations paying no taxes. Realizing that these business tax breaks would drive up the cost of the Bush tax plan, top Bush Administration officials pressured these businesses to join together as the "Tax Relief Coalition" (TRC) and wait for the next tax bill. In February 2001, the TRC was founded by National Association of Wholesalers, with the National Association of Manufacturers (NAM), the National Federation of Independent Business (NFIB), and the U.S.Chamber of Commerce. This group agreed to temporarily postpone their drive for corporate tax breaks in order to help enact the President's bloated tax proposal. These groups did ads in favor of the Bush tax cut. The "[Republicans] promised rewards to business supporters for not trying to climb aboard President Bush's 10-year, \$1.35 trillion tax package..." (Wall Street Journal, 7/2/01)

GOP Held Extended Unemployment Benefits Hostage to Massive, Corporate Special-Interest Tax Breaks

"they [House Republican Leaders] take up a special wartime "stimulus" bill that's little more than a good old-fashioned special-interest giveaway. ... The House has decided to repay corporate patrons for their years of campaign support." (USA Today editorial, 10/23/01)

So first, Republicans tried to use the economic stimulus bill passed in the wake of September 11th as a vehicle for corporate tax breaks. On October 24, 2001, the House GOP leadership pushed through its first "stimulus" bill, with its \$160 billion cost mostly in special-interest tax cuts, and virtually no real assistance to working Americans who had lost their jobs in the Bush recession. The bill was so loaded up that even the *Wall Street Journal* noted that the bill "mainly padded corporate bottom lines" (11/1/01).

The business tax breaks in the bill included a repeal of the Corporate Alternative Minimum Tax (AMT), a "key goal" of the Tax Relief Coalition, as well as providing immediate tax rebates to corporations for AMT payments they've made over the last 15 years!! This provision would have meant, for example, a total of \$7.4 billion in instant tax rebates to 16 of the largest corporations in America, including an instant tax rebate of \$254 million to Enron.

Despite this heavy criticism from the press and public interest groups, the House GOP Leadership would not give up. For four months, the House GOP leadership held extended unemployment benefits hostage – <u>three times</u> tying it to these massive, corporate special-interest tax cuts. Instead of getting extended unemployment benefits to the millions of workers who had lost their jobs, the House GOP leadership has been more interested in its agenda of tax cuts for corporate special-interests (see section II).

House Republicans Work with Business Contributors to Make Bush Tax Cuts Permanent.

Republicans then turned their efforts to working with corporate special interests to make the Bush tax cut permanent. (When the Bush tax cuts were enacted, they were written to expire in 2010 in order to hide the costs. The GOP knew the true cost and fully intended to make the tax cuts permanent all along.) Congressional Republicans were working hand in hand with the corporate lobbyists to get this done. "The lobby group [the Tax Relief Coalition] -- which is also chaired by the National Association of Manufacturers, the National Federation of Independent Business and the U.S. Chamber of Commerce -- plans to defend Bush's enacted tax cuts as well as push to make them permanent. Many of the 1,000 organizations that make up the coalition are particularly focused on making the estate tax repeal, which will expire in 10 years, permanent." (The Washington Post, 1/27/02)

On April 18, the House GOP leadership passed a bill to extend the 2001 GOP tax cuts in 2010 – despite the dire fiscal outlook the country already faced. This new GOP bill would increase the raid on the Social Security Trust Fund by \$374 billion over the next 10 years (2003-2012), and raid the Social Security and Medicare Trust Funds by a total of \$4 trillion over the decade after 2012 – when the Baby Boom generation begins to retire and the Social Security and Medicare systems come under increasing financial strain.

Tax Cut PR Campaign & Investor Tax Cuts

"All year, Republicans have been bringing up tax-cut bills in the House knowing that they would be blocked in the Senate so that Democratic representatives would be forced to cast votes that could be used against them in the election campaigns." (New York Times, 9/13/02)

Then, House Republicans wasted time <u>re-passing</u> bills repealing the 2010 sunset on each individual provision of the 2001 GOP tax cut bill, <u>despite the fact that they already passed a bill (H.R. 586) on April 18.</u> The GOP leadership passed five bills repealing the sunset of individual provisions of the 2001 GOP tax cut (with plans for lots more) – the estate tax (H.R. 2143), the marriage penalty (H.R. 4019), the adoption tax credit (H.R. 4800), and tax exemptions for payments to Holocaust victims (H.R. 4832), and pensions (H.R. 4391). That the GOP continued this tax cut a week strategy shows their relentless commitment to tax cuts to the businesses pushing for the tax bill to be made permanent.

That these measures were simply election-year ploys became evident when the bill making permanent the estate tax failed to get the 60 votes needed in the Senate to overcome Budget Act issues. It was then apparent that no partisan tax cut would be enacted for the rest of the year, and yet House Republicans continued the drive to keep repassing their tax cuts. This partisan political strategy is ridiculous for two distinct reasons: 1) these bills only affect tax policy eight years from now – highlighting the fact that they are really just politically-motivated press releases, not meaningful legislation; and 2) these provisions were all already passed in one bill on April 18th.

What is remarkable is how even as the economy continued to stagnate into the fall, rather

than putting an economic package together to help working families, House Republicans continued with their tax cut PR drive. In September, the House considered H.R. 5203, a bill to make the education-related tax provisions of the Bush tax cut permanent, which failed. Then they took their tax cut campaign to a new level: they began to take up "non-Sense" of the House resolutions urging the Senate to pass these bills making individual tax provisions permanent. Specifically, they spent the month of September passing resolutions calling on the Senate to enact the bills the House had passed in the summer to make permanent tax provisions on estate tax, pension provisions, and marriage penalty.

In August, the President hosted an economic forum which was stacked with GOP donors, at which he announced that he might propose even more tax cuts, per Charles Schwab (the wealthy investor financier). Not surprisingly, most of these tax cuts would not help those with 401(k)s, who have lost their retirement savings, and instead would dig the budget hole even deeper – further weakening Social Security. In fact, these tax cuts were met with resistance even within Republican circles as some economists suggested this would worsen the economy by inducing a sell-off of stock. "And even the president's own economic advisers, when asked about the Schwab proposals immediately after the summit, threw cold water on them." (Wall Street Journal, 9/3)

It is clear that this is not a serious effort, but yet another election-year maneuver to win votes. "The White House plans to push forward with a package of tax cuts for investors, but Administration officials have made it clear to concerned conservative economists that the measures are designed more to help Republicans in the fall elections than to pass Congress this year." (Washington Post, 8/29/02, emphasis added)

However, House Republicans now appear to be poised to pass these tax proposals this week, as they rush out of town for the election. Bush proposes to increase the losses investors can deduct, even though economists have raised concerns, and a speed-up of the increases in the amount that people can contribute 401(k)s and individual retirement accounts.

The Los Angeles Times (8/29) editorialized, "Even worse, the President, in the aftermath of his economic forum in Waco, Texas, is widely reported to be considering more tax cuts. With the economy stumbling as it tries to emerge from recession, the last thing the President and Congress should be doing is generating greater debt with dubious benefits. Big deficits lead to higher interest rates, gobbling up money that businesses could otherwise reinvest."

No Real Retirement Security, Instead they Have a Secret Plan to Privatize Social Security

This year, many became concerned about their pensions in the wake of the Enron scandal in which thousands of employees lost their retirement savings because their plans were heavily invested in company stock. As stock prices dropped, Enron executives lied to workers inflating the financial prospects of the company, as CEOs were selling off their own executive stock.

Despite the Enron scandal, House Republicans have failed to enact real pension protection. They passed a fraudulent bill written for CEOs and not the employees in order get the Enron monkey off their back and in order to shift blame to the Senate. Not only have they failed to provide retirement security, but they have a secret plan to privatize Social Security.

Pension Protection

"Business groups... welcomed the last-minute changes to the Boehner [pension] bill." (Wall Street Journal, 3/21/02)

On April 11, Republicans in the House passed a pension bill, which fails to strengthen pension law to stave off another Enron. The original bill passed by the House (H.R. 3762) was weak and ineffectual – written for CEOs, and not employees. It failed to hold corporate executives accountable, would not help employees to get their money back after 401(k) abuses, and continues special treatment for company executive pension plans. Even further, it would permit CEOs to cut more employees out of company retirement plans. It was written with the special interests to give Republicans election cover. Even some Republicans conceded. "In many respects it does little to protect people's pensions," said Rep. Gil Gutknect [Republican Member] of Minnesota. (AP, 4/11/02)

Reports indicated that corporate special interests were at work in the GOP pension bill. According to the *Wall Street Journal*, "business groups... welcomed the last-minute changes to the Boehner bill." (*Wall Street Journal*, 3/21/02) Specifically, to please corporate special interests, Rep. Boehner changed his bill to: require workers to keep company stock for a longer period of time, and to better protect businesses against liability for losses of retirement savings when employees are banned from selling their stock in their 401(k). Further, according to the *New York Times*, Republicans slipped in provisions "championed by business interests" to gut current law that requires companies to offer roughly proportional retirement plans to highly-paid and more moderately compensated employees. (*New York Times*, 4/10/02)

Not only did the House Republicans write a weak bill, but at the request of the corporate special interests, they nearly unanimously rejected a Democratic substitute that would have provided important, new pension reforms. (2002 House Vote No.90, 4/11/02) Specifically, Republicans rejected a plan that would have:

Given employees the information and control they need to protect their pensions,

- Made CEOs accountable by imposing tough criminal and financial penalties for corporate executives who falsify financial statements and mislead the public about company stock,
- Made it a crime to for a CEO to sell company stock in an executive plan during a lockdown period when employees are prohibited from selling stock.

Republicans also unanimously voted against the motion to recommit, which would have imposed tough criminal and civil penalties on corporate wrongdoers and helped protect employees and shareholders against future acts of corporate fraud. (2002 House Vote No. 90, 4/11/02) As described by National Journal, "business lobbyists have largely succeeded in warding off the strongest bills aimed at regulating 401(k) plans.... broad protections for the nation's 50 million 401(k) plans don't seem to be in the offing, partly because of formidable business opposition." (National Journal 6/8/02)

Secret Plan for Social Security Privatization

Not only do they have failed plan to "protect" pensions, House Republicans also have a secret plan to privatize Social Security benefits. President Bush and congressional Republicans have begun a process to tear down Social Security with a risky privatization scheme that threatens the retirement security of millions of America's families.

Instead of working to shore up Social Security, Bush set up a strictly pro-privatization Commission which delivered 3 separate plans in December ensuring that his plan to divert trillions of dollars from Social Security becomes a reality. The privatization plans presented by the President's Social Security Commission and by various GOP Members would require massive funding from outside of Social Security despite imposing benefit cuts and an increase in the retirement age. All three options require benefit cuts, a significant infusion of non-Social Security surpluses (which do not exist under the President's ten-year budget) or both. Each plan would drain more than \$1 trillion from the Social Security trust funds over the next 10 years, hastening the insolvency of Social Security Trust Fund by a decade.

But, the current Wall Street crisis demonstrates the folly of Social Security privatization. The stock market had the worst September since the Great Depression, the worst third quarter since 1987, and is at its lowest level in five years. Republicans support cutting benefits and taking funds that should be secure and putting them into risky stock market accounts.

House Republicans, however, have apparently decided they are not going to vote on their Social Security privatization plans this year, but have a secret plan to wait until after the 2002 election. They do not want voters to know that they are planning to put the retirement security of millions of middle-class Americans at risk, just as Enron did to its employees and shareholders. Bush and congressional Republicans support privatization notwithstanding public opposition — both because Republicans have long opposed Social Security, and because the financial services industry that stands to make billions is a big campaign contributor to the GOP.

Despite the fact that Congress has had the Commission's recommendations since December, the House GOP leadership has made a <u>political</u> decision that they don't want Social Security privatization debated before the November elections. This political decision by the House GOP leadership was widely reported in the April 24th Washington Post: "House Republicans ... want to put off any legislative debate about Bush's plan for partial privatization of the government's retirement security program until after the November elections." The Congressional GOP leaders basically have a <u>secret plan</u> on how to get the GOP Social Security privatization plan enacted into law in 2003 — <u>it is to have no discussion of it before the November elections.</u>

Yet, it is clear that Republicans plan a vote next year. Rep. Tom Davis, head of the Republican campaign committee, recently said on the radio that Social Security privatization, and I quote, 'will probably come up in the next Congress' but not in this Congress. *Wall Street Journal*'s "Washington Wire" reports, while House GOP leaders "want to avoid" the Social Security issue in '02, WH strategist **Karl Rove** "assures members" that Bush will "push overhaul" in '03. *(Wall Street Journal, 10/4/02)*

In fact, Republicans are determined to muddle the issue as much as possible. "GOP strategists have advised their candidates to avoid the word because polling found it is viewed negatively by voters. Even The Cato Institute, which has aggressively led the push for private accounts since 1995, has changed its effort from "Project on **Social Security** Privatization" to "Project on **Social Security** Choice." (AP, 9/14/02)

Not only are Republicans hiding their plan to privatize Social Security and cut benefits, but they have also put in place a fiscal plan that taps the Social Security surplus for other government programs every year for the next 10 years.

The economic plan that Republicans in Congress enacted last year put a higher priority on tax cuts for the wealthy than on protecting Social Security. As a result, the current Republican budget spends the Social Security trust fund every year for the next ten years to pay for the tax cut and other federal spending. The GOP budget will take \$2 trillion away that could have been used to strengthen Social Security for the baby boomers' retirement over the next ten years.

These plans to privatize Social Security and raid the Social Security Trust Fund are not surprising. Republicans have always opposed Social Security. At its creation, Republicans voted overwhelmingly to make Social Security voluntary. In 1964, Barry Goldwater proposed to make the program voluntary. And ever since, Republican Leaders have sought to undermine this program. Just look at what Majority Leader Armey has said:

Armey said that Social Security was a "bad retirement" and a "rotten trick" on the American people. He continued, "I think we're going to have to bite the bullet on Social Security and phase it out over a period of time." (Fort Worth Star-Telegram, 10/21/84)

"I would never have created Social Security." (C-SPAN, September 28, 1994)

No Medicare Prescription Drug Benefit or Bill to Lower Prescription Drug Prices Enacted

"A senior House GOP leadership aide said yesterday that Republicans are working hard behind the scenes on behalf of PhRMA [the drug industry lobby] to make sure that the party's prescription drug plan for the elderly suits drug companies." Washington Post, 6/19/02

Republicans have failed to enact a Medicare prescription drug bill, or a bill to lower the price of prescription drugs for all Americans. Instead, they passed a fraudulent prescription drug plan written by and for the special interests, and not America's seniors, and blocked a bill to increase drug competition to bring down prices for American consumers.

Of course, the Republicans have been siding with the special interests and <u>blocking a real drug benefit for more than three years</u>. Democrats first called for a Medicare prescription drug benefit in 1999. But, drug companies vehemently oppose a real Medicare prescription benefit for seniors because they are afraid that affordable prescription drugs would eat into their record high profits. And since then, these companies have spent billions in campaign contributions and campaign ads to stop a real drug benefit.

Republicans have done the bidding for their special interest friends, even though the drug companies are raking in exorbitant profits. For example, in 2001, the 10 biggest drug companies saw their profits increase 33%. So each year, Republican have either stalled and delayed, or offered sham proposals to forestall real relief for seniors. And each year, America's seniors are left paying skyrocketing prescription drug bills thanks to the Republicans in Congress and their big contributors. And this year is no different

Bush & GOP Budgets Put Tax Cuts Ahead of Drug Benefit

"The fundamental problem is the [\$ 1.35 trillion] tax cut pretty much depleted the cupboard as far as paying for a generous prescription-drug plan."

Marshall Wittmann, a senior fellow at the Hudson Institute (Dallas Morning News, 5/27/02)

President Bush and House Republicans have made tax breaks for the wealthy the priority over prescription drugs for seniors, despite campaign promises that they would provide prescription drug coverage. Specifically, the FY 2002 Bush budget devoted \$1.64 trillion over 10 years to tax cuts (skewed mostly to the wealthy), but only \$153 billion for prescription drug assistance and unspecified Medicare "reforms." All independent analysts, and even Republican Sen. Grassley indicated that the \$153 billion was inadequate – indeed even less than the inadequate, poorly designed and unworkable drug benefit passed by House Republicans in 2000.

Then the House Republican budget set aside only \$350 billion over 10 years for

prescription drug assistance and unspecified Medicare "reforms." (The costs of prescription drugs have risen substantially, more than 10% per year over the last few years, dramatically increasing the cost of Medicare prescription drug benefit.) This is less than what House Republicans voted to spend this Spring to make permanent last year's massive tax bill, which would cost an additional \$400 billion over the next ten years, and \$4 trillion in the following 10 years.

Now House GOP Have Written A Prescription Drug Benefit <u>Similar</u> to Inadequate, Private-Sector-Based GOP Bill of 2000

Having enacted huge tax cuts that have wiped out the budget surplus, Republicans in the House scrambled to put together a sham prescription drug bill that fits in their budget. Once again, as they did in June 2000, the House Republicans are simply trying to mislead the American public into thinking that they are putting forward a real, meaningful Medicare prescription drug benefit for seniors.

Once again, Republican pollsters are telling GOP lawmakers that they need to pass something called "prescription drug coverage" to ensure holding onto the House in November. A polling memo for the GOP read that "Republicans passing a prescription drug benefit would go a long way to leaving Democrats with very little on the table to try to use against us." Or as a Republican commentator put it, "Republicans desperately want inoculation on this issue out of fear of retribution by senior citizens at the polls in November," said Marshall Wittmann, a senior fellow at the Hudson Institute, a conservative policy-research organization. " (Dallas Morning News, 5/27/02)

In the early morning hours of June 28, the GOP leadership rammed through the House – in a virtual party-line vote of 221 to 208 – their <u>sham</u> GOP prescription drug bill – which was written to please the drug industry and will once again fail to provide seniors with a <u>reliable</u> and <u>affordable</u> prescription drug coverage.

The GOP plan fails to extend Medicare coverage to prescription drugs, instead forcing seniors to buy HMO-like private insurance plans. These government-subsidized private plans would have no set premiums and no guaranteed benefits, are a big step toward privatizing Medicare, and are a boondoggle for the insurance industry.

Further, the plan contains huge gaps, where seniors in effect have no drug coverage. Under the GOP plan, seniors who need more than \$2,000 worth of drugs must pay 100% out-of-pocket (and keep paying monthly premiums) until they reach a \$3,700 out-of-pocket cap. Almost half of seniors will be affected by this gap in coverage. For many, therefore, the GOP benefit will sunset part-way through the year!

It is very telling that, after having helped write the GOP prescription drug bill, the drug industry was paying for TV ads across the country – a day after the vote – congratulating Republican Members for voting for the industry-backed bill!!

Blocking Legislation to Lower Prescription Drug Prices for All Americans

Not only did Republicans fail America's seniors by passing a fraudulent drug plan, but they have been blocking a generic drug bill to bring down the price of prescriptions for <u>all Americans</u>, thereby <u>failing us all</u>.

Drug prices have skyrocketed for <u>all Americans</u> – increasing more than 10 percent per year for the last several years. As such, many Americans believe that one of the most pressing issues in health care is how to make prescription drugs more affordable for <u>all Americans</u>. So on July 31, by an overwhelming vote of 78-21, the Senate passed a bipartisan bill (S. 812) to reduce the price of prescription medicines. It does so by shutting down the loopholes used by brand-name drug companies to deny consumers access to lower-cost generic drugs. The non-partisan Congressional Budget Office projects that this bill will lower drug prices for consumers by \$60 billion. That is because generic drugs cost 25% less, on average, than brand-name competitors, and have the effect of driving down the prices of brand-name drugs by increasing competition.

And yet, House Republicans have refused to schedule a vote on this bipartisan bill, and ignored calls to take up the bill by the House sponsors of this bill and a bipartisan group of Senators. So House Democrats have launched a discharge petition to force a vote on the bill, offered a privileged resolution to bring forward a debate on the House's failure to consider this important legislation. Unfortunately, Republicans blocked and continue to block even a Floor discussion of the matter.

This is no surprise as the bill is opposed by PhRMA, the lobbying group that has spent millions killing a real Medicare drug benefit. They called it a "flawed bill" (*PhRMA press release*, 7/31/02).

No Move to Crackdown on Corporate Expatriates and No Commitment to Strong Corporate Accountability Measures

"Having the GOP in charge....will be good for Corporate America"

Senator Trent Lott, Roll Call, September 19, 2002

Republicans have failed to enact legislation to crack down on corporate expatriates – corporations the move off-shore in order to avoid paying U.S. taxes. Further, Republicans have opposed other corporate accountability to make CEOs live by the same rules as employees when it comes to company stock, and make sure that CEOs do not have special protections for their pensions if they run the company into bankruptcy. In both cases, there have been bipartisan efforts to rein in corporate wrongdoers, but House Republicans are so out of step with the American people that they have fought these proposals.

In the case of corporate expatriates, House Republicans have rebuffed efforts all year to stop the unpatriotic exodus of Corporate America. Further, while Congress ultimately

enacted a new accounting reform law that dealt with some of the issues raised by the Enron and Worldcom scandals, House Republicans repeatedly sided with the accounting industry in voting against these real reforms that would hold executives accountable. Then came the WorldCom scandal. At which point, Republicans quickly reversed their position, belatedly embracing the bipartisan Senate bill. However, since enactment, Republicans have sought to undercut the bill – first with a narrow Justice Department ruling, and now by siding with the accounting industry and undercutting the strongly supported choice as the new oversight board chairman.

In addition, they have rejected efforts beyond the new accounting reform law to clamp down on CEO golden parachutes. Republicans have voted against tough provisions that would actually make CEOs live by the same rules as employees regarding company stock (9/02), and make sure that CEOs do not have special protections for their pensions if they run the company into bankruptcy (6/02).

Moving Companies Offshore

An increasing number of U.S. corporations have been renouncing their U.S. citizenship and moving their business addresses out of the country in order to skip out on paying their share of taxes. While Democrats have been fighting to put an end to these offshore corporate tax dodges, the Republican game-plan is clear – block reasonable legislation to end offshore corporate tax dodges and continue to coddle their corporate expatriate donors.

By moving offshore, these companies are escaping the payment of millions of dollars in taxes. In fact, clamping down on these corporations is estimated to save taxpayers \$4.5 billion over ten years. At the same time, these corporations continue to enjoy the benefits of being a U.S. corporation, as demonstrated by the millions in federal contracts they receive. Specifically, a sampling of the corporations which have gone oversees, or are planning to, may get more than \$525 million a year in tax breaks for moving offshore. The General Accounting Office estimated that the federal government awarded \$2.7 billion in 2001 to federal contractors incorporated in overseas tax havens.

Democrats and a few Republicans have sought to make these corporations pay their fair share. In March, Rep. Richard Neal (D-MA) and Rep. Jim Maloney (D-CT) introduced H.R. 3884, the Corporate Patriot Enforcement Act. This bipartisan legislation would stop the rush of corporations giving up their U.S. corporate citizenship in order to avoid federal income taxes. Senators Baucus and Grassley have proposed a similar measure. In addition, there have been numerous Democratic efforts to stop federal contracts going to these corporations.

However, all year, House Republicans have blocked action on measures to stop tax breaks for these "offshore" corporations, and made their views plain on the subject. On June 19th, Republican Majority Leader Armey said, "In recent weeks there has been a lot of noise about the need for legislation that would penalize businesses for doing what they can --within the law -- to minimize their tax burden. This is akin to punishing a taxpayer for choosing to itemize instead of taking the standard deduction." Congressional Quarterly has reported that "[Ways and Means Chairman Bill] Thomas and corporate interests say Finance's bill [the Grassley proposal] is going for the wrong fix." (Congressional Quarterly,

4/27/02) In fact, the GOP Chairman of the tax writing committee, has "no intention of moving legislation on corporate inversions or tax shelters unless it is accompanied by a broad overhaul of corporate tax laws...." (Congressional Quarterly, 4/27/02)

Since then, Republicans have used a variety of mechanisms to rebuff proposals to either end the tax breaks or federal contracts for expatriates. They have used their procedural power to prevent consideration of these measures (on the marriage penalty bill, the estate tax, and the Treasury Postal Appropriations bill). They have voted against a Neal (D-MA) motion to recommit on the Retirement Savings Security Act of 2002, which would have closed a loophole that allows corporations to locate their headquarters offshore in order to avoid paying federal taxes. (H.R. 4931, vote #247, 6/21/02; R 2-191; D 183-0)

Although there was a victory on this front when the House passed a Democratic measure on H.R. 5005, the Homeland Security Bill, which banned the new Department from contracting with corporations that operate in America but incorporate overseas in tax havens. Apparently, Republicans had a deathbed conversion as 109 Republicans suddenly switched to join 207 Democrats in passing this motion (Roll Call 366). However, it is apparent, this was simply a PR stunt. After the Senate passed a similar amendment on the FY 2003 Defense Appropriations bill. House Republicans conferees unanimously voted against the provision and it was stricken.

GOP Stall Corporate Accountability, then Seek to Undermine It

The record of the House Republicans on corporate responsibility legislation is abundantly clear – they fought it tooth and nail until they were forced to capitulate and now they are working behind the scenes to weaken it. Here is a quick rundown on the failure of House Republicans to embrace corporate accountability measures.

In February, after the announcement of the Enron debacle and the related news of corporate scandals, House Democrats introduced the first comprehensive legislative solution to accounting reform with the "Comprehensive Investor Protection Act" (H.R. 3818).

In April, in an attempt to divert attention from corporate scandals, House Republicans passed a fraudulent fig-leaf bill (H.R. 3763) that was widely criticized as being extremely weak: "Congress's first legislative response to the auditing end of the Enron Corp. debacle punts much of the overhaul effort -- including the makeup and authority of a new industry-oversight board --to just where the accounting industry would like it: the Securities and Exchange Commission." (Wall Street Journal, 4/17/02)

This weak accounting bill was just what the industry ordered. According to the Washington Post "The [accounting] industry... persuaded House members to water down provisions of a recently passed bill and to drop any ideas that would fundamentally change how accountants work." (Washington Post, 5/12/02) Clearly, House Republicans have been working hand-in-hand with the accounting industry on this bill. According to the Washington Post, "Financial Services [committee] Republicans required accounting industry approval for amendments to be offered in committee." (Washington Post, 5/12/02)

During this debate, House Republicans voted against the Democratic alternative that is similar to the Sarbanes bill that Congress later enacted over the opposition of the GOP and the accounting industry. Specifically, House Republicans voted against imposing criminal and financial penalties on corporate CEOs who falsify financial reports and banning CEOs that commit wrongdoing from moving corporation to corporation.

On July 15, the Senate passed the corporate reform bill 97-0 after it was held-up for several months by Senate Republicans at the behest of the accounting industry. However, instead of embracing this unanimously approved bill, House Republicans promised to dilute the bill in conference. The *Washington Post* reported, "House GOP's Leaders Fight Audit Plan; Lawmakers Seek to Dilute Some Senate Passed Reforms" in which Financial Services Chairman Michael Oxley said, "The Senate [Sarbanes] bill is not a good bill and has major flaws. Everything is going to be on the table [in conference]." (*Washington Post*, 7/17/02) Several weeks later, under intense pressure due to mounting corporate scandals, Republicans finally caved in to Democrats demands and landmark Accounting Reform Bill was passed.

Regrettably, since enactment of the Accounting Reform Law, Republicans have worked to undermine its effectiveness. Hours after President Bush signed the new law, the Department of Justice announced they would undercut the bill's provisions to provide tough whistleblower protections for employees reporting corporate fraud. Then, House Republican Chairman of the Financial Services Committee Michael Oxley sabotaged a widely-supported and "sensible choice" (Mr. John Biggs, head of TIAA-CREF) to chair the new Accounting Oversight Board because he was viewed as a tough ethical watchdog. (Wall Street Journal, New York Times, 10/4/02) Securities and Exchange Commission Chairman Pitt yielded to the demands of Chairman Oxley and the accounting industry.

II. Special Interests Driving the Failed GOP Agenda

The GOP failure on these major issues is attributable to their ties with special interests. This section shows the special interest campaign contributors behind the failed GOP agenda. Instead of working on behalf of America's families, the House GOP have sided with the contributors that fund their campaigns. Specifically, this section describes the lobbying campaigns and campaign contributions by the following groups on the following issues:

- Tax Relief Coalition, instrumental to the GOP tax strategy;
- Wall Street & Business Contributions Undermining Retirement Security;
- Drug Companies writing and underwriting the GOP drug plan; and
- Offshore Tax Haven corporations and accounting industry fighting against corporate accountability.

Further, even beyond these top issues, Republicans continue to side with special interests over the public interest. This section goes through several other issues on which the GOP have failed to make progress, as they are doing the bidding for the special interests.

- Energy
- Patients' Bill of Rights
- Campaign Finance Reform

Tax Relief Coalition Campaign Contributions

House Republicans have spent much of their time and energy over the last two years working to passing tax cuts for the wealthy to pay off their corporate contributors. As described earlier, it was not enough to pass a tax cut primarily geared to the wealthy. But then they tried to use the economic slowdown to slip through the payback to their corporate friends in the guise of an economic stimulus. Now they are working with the special interests to make the Bush tax cuts permanent.

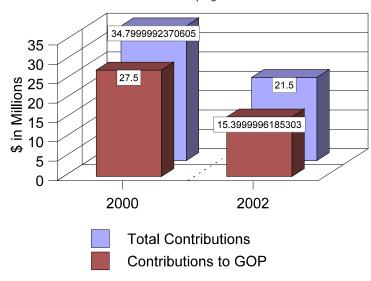
In every effort, they are rewarding big corporations and the wealthy that have filled their campaign coffers, rather than putting money into education and prescriptions drugs. They are willing to take the country back to deficits as far as the eye can see, and to raid Social Security and Medicare surpluses – all in order to reward the same fortunate few who received most of the first Bush tax cut passed.

Campaign cash can be the only explanation, as Republicans have lost any sense of fiscal responsibility, and are completely out of step with the American people. President Bush and Republicans have sided with the businesses and wealthy special interests who have poured millions into their campaigns, instead of putting together an economic plan embracing the priorities of America's families – like shoring up our faltering economy, and investing in education, Medicare, Social Security, and prescription drugs.

Republicans passed the bloated \$2 trillion tax cut for the wealthy as a payback to the wealthy contributors. After all, Bush's campaign for the presidency was funded by the wealthiest of Americans. Two-thirds of Bush's campaign donations came from donors who gave at least \$1,000, according to the Center Responsive for Politics. Academic studies show that 80% of donors of at least \$200 more to congressional campaigns have family incomes of \$100,000 or more; nearly half have family incomes of more than \$250,000. Undoubtedly, donors who give at least \$1,000

Corporations Give Big Bucks For Tax Breaks

Tax Relief Coalition Campaign Contributions



are concentrated even higher on the income scale. Meanwhile, Bush's roster of 214 "pioneers"-- the volunteer fundraisers who raised at least \$100,000 for his campaign -- is a who's who of corporate executives in the top income brackets. Clearly Bush has written a tax plan to reward the fat cats that funded his campaign.

Business groups that helped Bush to pass his big tax cut, in order to get a piece of the next cut, have carried a lot of influence as evidenced by the tax cut strategy embraced by House Republicans. These businesses that are members of the Tax Relief Coalition (TRC) know that ultimately Bush and congressional Republicans will deliver for them, as they have been helpful to his electoral cause, making big contributions to his campaign coffers. Specifically, the TRC has contributed more than \$20 million so far for 2002 with 72% of that money going to Republicans, according to new data compiled from the Center for Responsive Politics. And we know there is much more where that came from. For the 2000 election, these companies gave \$34.8 million – with almost 80% of that bankrolling GOP campaigns.

Not only have these companies filled GOP coffers, but in addition, the Chamber of Commerce, National Association of Manufacturers and National Association of Wholesaler-Distributors all had major grass-roots and advertising campaigns that helped Bush and Republicans in 2000. The Issues Management Center launched a television ad campaign to support President Bush's tax cut, and the Club for Growth also launched a \$1 million television campaign to garner support for the tax cut package. In March 2001, United Seniors Association launched a \$2 million radio ad campaign in support of the Bush tax cut plan. (Dallas Morning News, 3/16/01)

Further, the 16 corporations that would have benefitted from the House GOP repeal of the AMT contributed \$45.7 million to federal elections since 1991, according to Citizens for Tax Justice and Public Campaign, with nearly two-thirds (65%) of these campaign contributions to Republican federal candidates.

What else but these millions in campaign contributions and media campaigns from business could explain the Republicans' willingness to go even further down this road of fiscal irresponsibility. Republican are raking in the rewards for their tax cut fever. In fact, corporations that are members of the Tax Relief Coalition have contributed more than \$15 million to GOP candidates and parties for the 2002 election so far.

Retirement Security - Pensions & Social Security

GOP efforts on retirement security have been driven by the special interests. On both pension protection and Social Security, House Republicans have put their contributors before the American people.

On pension protection, Republicans wrote a weak bill that included provisions championed by business groups, and then rejected a comprehensive bill that held corporate executives accountable and helped employees in controlling their own pensions. Of course, the business groups lobbying against the tough Democratic substitute have made substantial campaign contributions to Republicans. Specifically, a number of business lobbying groups (Financial Services Roundtable, National Retail Federation, Chamber of Commerce) gave \$9 million for the 2000 election, about half of all of their contributions to Republican candidates and party committees. But now in the 2002 campaign, these groups have increased the percentage going to Republicans by 10% -- to 54%, making contributions totaling nearly \$3 million thus far. Republicans, apparently, have sided with the corporate special interests making campaign contributions, instead of employees and their pensions.

As President Bush and congressional Republicans begin their stealth strategy against Social Security, they are working hand-in-hand with Wall Street and the financial services industries, which stand to gain billions under a Social Security privatization scheme and have poured millions into Republican campaign coffers.

Last year the *Wall Street Journal* reported there are three organizations of business coalitions planning to raise \$20 million for an advertising campaign to build support for personal accounts. The *Wall Street Journal* reported: "As the Bush administration officially launches its effort to privatize Social Security, it is about to get a big -- and generous -- helping hand from investment firms... a range of financial-services firms are pooling their efforts, and millions of dollars for advertising, to assist him in raising public concern about the retirement program's woes." *(Wall Street Journal, 6/12/01)*

• The biggest pro-privatization group is the Alliance for Worker Retirement Security, a coalition formed in 1998 by the National Association of Manufacturers. When the President's commission recommendations came out, the AWRS "vigorously defended the commission's recommendations." (Washington Post, 1/20/02) All totalled, in 2000, members of this coalition made campaign contributions totaling \$12 million – 75% of which went to GOP federal candidates or party committees. So far for the 2002 election, they have contributed \$3.5 million – again 75% of their total campaign contributions, and given the recent big fundraisers there's a lot more coming.

• The Wall Street group created the Coalition for American Financial Security, which planned an advertising campaign to coincide with Mr. Bush's own barnstorming on the issue. This group was formed by a group of financial services companies headed by the Frank Russell Co., a subsidiary of Northwestern Mutual Life Insurance Company. They are big GOP backers, having made campaign contributions totaling \$501,575 for the 2000 election – 73% of which filled GOP coffers.

Of course, the financial services companies stand to gain billions from Social Security privatization (as they will advise individuals investing their Social Security funds). According to the Center on Budget and Policy Priorities, if 2 percentage points of the Social Security payroll tax were channeled to personal accounts in 2002, Wall Street could see \$86 billion come out of Social Security and into new investment accounts. (Wall Street Journal, 6/12/01) In fact, some have reported, "the ad dollars are a pittance compared with the billions at stake for Wall Street should Mr. Bush achieve his goal of carving private accounts from Social Security." (Wall Street Journal, 6/12/01)

Along with the financial services groups, there are a number of right-wing conservative groups that have joined in the crusade to sell Social Security privatization. In 2001, 60-Plus and United Senior Association attended a meeting with Treasury Secretary Paul O'Neill, organized by Grover Norquist of Americans for Tax Reform to discuss support for private accounts. In 2001, 60-Plus indicated that it would spend more than \$1 million during the fall elections on grassroots efforts to support private accounts. Charles Jarvis, president and CEO of USA, said his group had raised \$2 million for grassroots projects and radio ads promoting Social Security privatization. (National Journal, 9/1/01)

Now as the election draws near, stepped up efforts by these same groups are being announced. GOP business groups launched a multi-million ad campaign defending social security privatization. In September 2002, the Coalition for the Modernization and Protection of America's Social Security (COMPASS), which is supported by GOP allied Business groups, announced plans to launch a \$6-8 million television ad campaign. The ads, which work to scare seniors unless there is Social Security privatization, will run in 20 congressional districts, will defend GOP plans to privatize social security, and are being produced by Bush campaign consultant Mark McKinnon. (Associated Press, 9/14/02; 10/2/02; COMPASS Press Release, 9/3/02 (emphasis added)) COMPASS is made up of the Business Roundtable, the United Seniors Association, and the Americans for Worker Retirement Security.

Further, there is a new pledge campaign sponsored by these group to help Republicans confuse the issue. Specifically, Citizens for a Sound Economy, Americans for Tax Reform, 60 Plus, and the National Taxpayers Union created a new group — Social Security Choice.Org. This right-wing coalition has launched its "Pledge to Save, Strengthen, and Modernize Social Security" to help GOP candidates mask their support for privatization. But its pledge calls for just that: "I pledge to support allowing younger workers the option to voluntarily place a portion of their Social Security taxes in personal retirement accounts." (Campaign for America's Future, Reading Between The Lies: Report # 9, 10/4/02) Of course, the members of the Social Security Choice.Org coalition — are the same right-wing extremist groups that have worked in support of privatization for years.

It is clear that the Administration and Wall Street are working hand in hand to see that the Bush privatization plan becomes the law of the land, while the safety net for seniors is jeopardized. These campaign contributions have only strengthened the GOP's interest in undermining Social Security as a payback to their special interest friends.

GOP Has Done The Bidding of The Big Drug Companies, One of Its Major Contributors, in <u>Blocking</u> the Medicare Prescription Drug Benefit

It is at the bidding of the drug companies – which are one of their <u>major</u> campaign contributors – that Republicans have been blocking a real Medicare prescription drug benefit. Indeed, the drug companies have been allies of the Republican Party for years – making major campaign contributions to GOP candidates and party committees.

Overall, the pharmaceutical industry gave Republicans almost \$18 million in the 2000 election cycle – nearly 70% of all their federal campaign contributions. Indeed, in the 2000 election, Bush was the top recipient of pharmaceutical money. Drug companies gave and raised almost \$1.4 million to get him elected and into office. And the drug company money keeps flowing. So far for the 2002 election, the industry has contributed nearly \$12 million – with nearly three-quarters of that going to GOP candidates or party committees.

Companies that are members of the Pharmaceutical Manufacturers of America (PhRMA), the drug companies' regular lobby, are clearly willing to spend whatever it takes to stop a real Medicare prescription drug benefit. In 1999, PhRMA, along the Healthcare Leadership Council – a coalition of nearly 50 drug companies, health care providers, and hospitals – created the innocuous-sounding "Citizens for Better Medicare" to serve as a front group to wage an aggressive campaign on prescription drugs. And that they did.

All totaled, Citizens for Better Medicare spent \$\frac{\\$65 million}{\}}\$ in 1999 and 2000, primarily on television ads, in their successful efforts to \$\frac{\}{\}}\$ lock a Medicare prescription drug benefit. In addition to the money spent on ads, on the 2000 election cycle, members of Citizens for Better Medicare gave more than \$22 million in PAC, soft money and individual campaign contributions – nearly 80% of which went to GOP federal candidates and party committees. PhRMA, one of the member groups gave more than \$12 million to GOP candidates – 83% of all their contributions.

This election cycle, the drug companies are spending with the same or even greater fervor. Thus far in 2002, members of Citizens for Better Medicare have contributed more than \$11.1 million, with more than 75% going to GOP federal candidates and party committees. Further, Public Citizen has reported that drug companies and industry groups increased their lobbying spending in 2001 by 13%, growing to nearly \$50 million.

Now, as House Republicans are working on the GOP plan bought and paid for by the pharmaceutical industry, the industry is gearing up the PR campaign needed to generate support for the plan and support for Republicans who voted for the plan. But now PhRMA is using a new front group through which to funnel political money for campaign ads – the right wing conservative United Seniors Association.

This Spring, United Seniors Association (USA) has spent \$4.6 million on the ads, which are running in 18 competitive Congressional districts nationwide. (Wall Street Journal, 6/18/02) Charles Jarvis president of USA denied that PhRMA is funding their ad campaign. "This is not a PhRMA buy. It is a national grass-roots buy," Jarvis claimed. However, Jackie Cottrell, a spokeswoman for PhRMA, admitted they had recently given USA an "unrestricted educational grant" of undisclosed size. USA announced its ad campaign one week after the GOP unveiled the outline of its prescription drug proposal. (AP, 5/8/02; Public Opinion Strategies (R), Hill Briefing, 4/25/02)

This fall, USA announced that they had committed more than \$8 million to political ads for House candidates who supported the industry-backed prescription drug legislation in 20 congressional districts. Most of the ads specifically thanked Republican House members. Charles Jarvis, chairman and chief executive, admitted that "most of the costs" were paid for through a "general educational grant" given to USA by PhRMA. (*Wall Street Journal*, 9/16/02) According to the *Wall Street Journal*, "Another conservative citizens group backing the [drug] industry point of view -- 60 Plus Association -- has been advertising recently on radio and in newspapers in selected states." (*Wall Street Journal*, 9/16/02)

It is not surprising that the drug industry is paying for TV ads supporting the House GOP bill – since the House Republicans have written their bill to meet the needs of the drug industry, rather than the needs of America's seniors!!

Not only does PhRMA oppose a real Medicare prescription drug bill, they also oppose the generics bill to lower prescription drug prices for all. As with prescription drugs, they are actively lobbying against it, and running ads. Specifically, they have brought in celebrities, including talk show host Montel Williams and Charlie's Angels' Kate Jackson to urge lawmakers to reject the bill. Further, they have run ads featuring critically ill children, claiming that the bill will stifle pharmaceutical innovation. (Bergen Record, 10/4/02) Republican Sen. John McCain said "millions of dollars in campaign contributions" from pharmaceutical companies are "clearly the cause of our failure to act" on the generic drug bill. (Washington Times, 9/19/02)

Corporate Expatriates & Accounting Reform

On corporate accountability, Republicans are in the pocket of corporations moving off-shore and the accounting industry. House Republicans and the Bush Administration are working for the corporate special interests, instead of securing America's future for all families on the issue of corporate offshore tax havens and accounting reform.

House Republicans have blocked action on offshore tax havens, as many of these companies who reap millions in tax breaks and government contracts are funneling millions into GOP campaign coffers.

Many of these corporations lobbying against cracking down on corporate expatriates and seeking to enjoy the tax breaks in moving offshore have been funneling campaign contributions to Republican federal candidates and parties. As the table on this page shows, Accenture contributed \$237,584 (69% to the GOP) in the 2000 elections, and \$207,081 (62% to Republicans) so far for the 2002 elections. PricewaterhouseCoopers

contributed more than \$1.1 million (76% to Republicans) in 2000, and more than \$500,000 (81% to the GOP) already for the 2002 elections. Overall, these companies contributed nearly \$2 million in 2000, with nearly another \$1 million thus far in 2002 – more than three-quarters going to GOP federal campaigns. These millions in contributions are clearly paying off.

The Costs and Benefits of Moving Abroad:

Companies Moving Abroad and their Tax Breaks, Federal Contracts, and Federal Campaign Contributions

Company	Annual Tax Breaks for Moving Offshore	Federal Contracts	2000 Campaign Contributions (% to GOP)	2002 Campaign Contributions (% to GOP)
Тусо	\$400 million	over \$1 billion	\$367,550 (81%)	\$178,547 (86%)
Ingersoll-Rand	\$40 million	\$3.8 million	\$7,801 (74%)	\$1,500 (100%)
Cooper Industries	\$55 million	not available	\$94,475 (100%)	\$26,500 (94%)
Stanley Works	\$30 million	\$25 million	none	none
Accenture	not available	Over \$1 billion	\$237,584 (69%)	\$207,081 (62%)
Foster Wheeler	not available	Over \$600 million	\$36,050 (84%)	\$10,250 (90%)
Pricewaterhouse Coopers	not available	not available	\$1.1 million (76%)	\$527,420 (82%)
Total	\$525 million	more than \$2.6 billion	\$1.9 million (77%)	over \$950,000 (79%)

Compiled from news sources and the Center for Responsive Politics.

Clearly, Republicans are putting campaign contributions and their corporate buddies ahead of America's families. According to the *Wall Street Journal*, "Among those lobbying against it [the bill to curb tax havens]: Former GOP House tax Chairman Bill Archer. His employer, PricewaterhouseCoopers, is spinning off its consulting arm, which plans to relocate in Bermuda. Consulting giant Accenture, also based there, lobbies to avoid any crackdown. Ingersoll-Rand and Stanley Works also hire help." (*Wall Street Journal*, 5/17/02)

Further, Republicans opposed real accounting reforms and are working to undercut it now because of their financial ties with the accounting industry. That Republicans are siding with

the accounting industry over the public interest is easily explained: campaign cash. The accounting industry gave a total of nearly \$15 million for the 2000 election, and more than \$5 million so far for 2002, according to the Center for Responsive Politics (CRP).

And the percentage of that campaign cash going to the Republican party and candidates has increased substantially. According to CRP, accounting industry contributions to GOP candidates and party committees in 2002 climbed to 72% (\$3.3 million) of the total, up from 61% (\$8.9 million) in 2000 and up from 58% in the 1990s. Further, the accounting industry was the number three contributor to President Bush among industries.

Enron has outraged the American people, showing that strong reforms promoting corporate accountability are key to ensuring that the American public and the market have the truthful information needed to make the free market work. But Republicans, at the behest of industry donors, are rejecting the reforms needed to protect pensions and make CEOs accountable.

Failure to Enact an Energy Security Bill

The Bush Administration and Congressional Republicans have used the current energy crisis as an excuse to enact a special interest agenda for their big oil, big donor friends. Instead of working on an energy plan with clear goals for increasing our energy security, they passed a plan that does virtually nothing to end our dependence on foreign oil. Instead, their plan dramatically increases air pollution and invades wildlife refuges, while rewarding the Enrons of the world with billions in new tax breaks. In fact, the House energy bill provides a total of \$27.7 billion in tax breaks for big energy (or 75% of the tax provisions in the bill).

It is clear that Republican energy policies are a boon to the already profiting energy industry, which bankrolled the Bush & GOP campaigns. In 2000, Big Oil gave \$3.2 million to the Bush campaign, and \$27 million to Republicans overall, and other sectors of the energy industry were generous as well. Thus far for the 2002 election, they have been similarly generous. Specifically, Big Oil has given nearly \$8 million to the GOP, in addition to the record setting fundraisers that they are hosting. Apparently, payback time to the energy industry has arrived.

Of course, the political clout of the energy industry has been best illustrated by the cozy relationship with Enron. As Bush's number 1 patron, it is clear that Enron was in frequent contact with the Administration garnering: an Administration energy plan with 7 of 8 of their recommendations, 2 appointments to the commission for energy regulators, and a \$254 million GOP congressionally sponsored tax break. For it was not just the Bush campaign that raked in Enron contributions. From 1989-2001, Enron Corporation PAC, Enron executives, employees and their family members gave a total of almost \$6 million hard and soft money to federal candidates and parties. Of this amount, 74% went to Republicans. In fact, a top House Leader, Majority Whip Tom DeLay has been called the 'congressman from Enron,'." (*The National Journal*, 6/3/00)

Given the energy industry involvement in writing the GOP energy bill, it is no wonder that

the Cheney Energy Task force has stonewalled in turning over documents to the non-partisan General Accounting Office relating to the task force in an attempt to mask the parade of energy industry lobbyists who had a hand in writing the energy plan. Under the leadership of Vice President Cheney, the former Halliburton oil executive, the task force worked in secret and met extensively with energy industry executives to develop the Bush energy plan.

The fact that the House energy plan is a boon to big energy is the substantial cause of their failure to enact an energy bill. House Republicans are simply unwilling to give up their paybacks to the industry in order to reach a bipartisan compromise.

Not only are Republicans insisting on an energy plan favoring Big Oil and the energy industry, but Congressional Republicans and the Bush Administration purposefully overlooked the misdeeds of Enron and other energy companies in creating the Western energy crisis last summer. It has become plainly clear that the big power companies engaged in massive market manipulation and price gouging that caused life-threatening electricity brown-outs and that cost Western consumers billions of dollars. And yet Republicans have refused to investigate or put an end to this massive consumer fraud.

Failure to Enact a Patients' Bill of Rights

Since 1997, the GOP leadership has taken the side of HMOs and health insurers on the issue of patients' rights – raising millions of dollars from these industries and doing their bidding on patients' rights legislation. And this Congress is no different. Bush and the Republican leadership have succeeded in efforts to sabotage real reform.

The GOP goal is to appear to be for a Patients' Bill of Rights when in fact the Republican proposals are fraudulent and a giveaway to the insurance industry. For too many years the HMOs and health insurers have thrown money at the Republicans and each year they get their money's worth- staunch Republican opposition to a meaningful PBR legislation.

Last year, a real Patients' Bill of Rights (PBR) was finally heading towards its last hurdle in Congress. The bipartisan Ganske-Dingell-Norwood-Berry bill had finally passed the Senate early in 2001and had gained enough momentum to pass the House. The bill was headed for the House floor in early August with solid Democratic support and some moderate GOP backing. However, the Bush Administration, afraid they would have to suffer the repercussions of vetoing such an important bill, pulled the rug out of from under the bipartisan legislation. The Bush Administration and GOP Leadership sabotaged the real, bipartisan PBR with a sham Patients' Bill of Rights – snatching a last-minute victory for the special interest HMOs and insurance companies.

By pressuring Rep. Charles Norwood (and calling him down to White House as the bipartisan bill was heading to the Floor), the key GOP cosponsor, to water-down the bill with an amendment that gutted the true PBR, the GOP had undercut this crucial legislation yet again. The *New York Times* editorial explained the unfortunate result:

"Mr. Bush, who happily described the deal as a victory for bipartisanship,

actually demonstrated his administration's obsession with winning at all costs....And the bill that the President and Mr. Norwood agreed on seems to more closely resemble the inadequate competing measure that Mr. Bush had been backing than the strong bill of rights that was approved by the House two years ago and the Senate earlier this session." (8/2/01)

That is because as the American Medical Association pointed out, it overturned the good work done by the States in protecting patients; and failed to allow enforcement of patient protections in court. The hope for any semblance of a real patients' rights bill coming out of Congress has languished this year as the Republican leadership continued their refusal to compromise on the key elements that would protect patients' rights. With the Republicans in charge of the House, the interests of big business threaten to once again carry the day at the expense of those this legislation could serve to protect.

Of course, Congressional Republicans' have blocked real Patients' Bill of Rights legislation for over 6 years. Not surprisingly, there's a direct link between the Republican stance on this issue and the campaign contributions: Bush and the Republicans have raked it in from HMOs and health insurance companies. Republicans received \$14 million during 1999 - 2000 from the Health Benefits Coalition (HBC) – the coalition of HMOs, insurance companies, and trade associations that lobbied against passage of a real PBR.

And from 2001 to this summer the HBC has lavished \$5 million dollars on Republican candidates. (CRP) It's clear the investment these associations have made in Republican politics in recent years has paid off - now Bush and his fellow Republicans are doing the bidding of these companies at the expense of everyday Americans. Republican Senator John McCain (R-AZ) has summed it up best: "Republicans are in the grip of the huge money from the insurance companies and the HMOs." (LA Times, 12/3/99)

Fought Against Campaign Finance Reform

"I don't think there is enough money in the system..."

(Majority Whip Tom DeLay Before the House Administration Committee, 5/1/01)

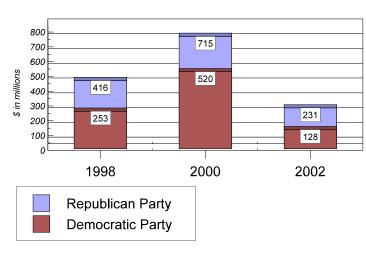
Congressional Republicans have failed to be the reformers with results that Bush promised – particularly when reform means reducing the influence of big money special interests. The Republican congressional leadership has been the main obstacle to passing campaign finance reform. And that has been true for many years.

Fortunately, for the American people Democrats and a few moderate Republicans finally overcame the opposition of the Republican Leadership and President Bush did not stand in the way. Instead, he quietly signed the bill as he left for a fundraiser. Immediately after the signing, the President "left Washington on Air Force One for a two-day, three-state trip to raise nearly \$4 million for Republican candidates and his party." (The New York Times, March 28, 2002)

At the same time Sen. Mitch McConnell, chairman of the National Republican Senatorial Committee, filed suit to overturn the law. In the meantime, just two weeks after the most comprehensive rewrite of our nation's campaign finance laws in a generation was signed, the House GOP leadership suddenly tried to sneak through new loopholes in the campaign

GOP Cash in Big

Fundraising by Democratic and Republican Parties



finance system.

The reason that Republican leaders have adamantly opposed campaign reform: special interests. Republican leaders have mastered the art of cashing in on the legislative favors that they dish out to their industry friends. And campaign finance reform ending contributions unlimited from corporations and other special interests- threatens the core of this special give-and-take relationship. That the House and Senate GOP leadership and President Bush are siding with their big-money

contributors instead of with the American public on campaign finance reform comes as no surprise. "Take away 'soft money' and we wouldn't be in the majority in the House and the majority in the Senate and couldn't win back the White House. Hell's going to freeze over first before we get rid of soft money." Sen. Mitch McConnell, Washington Post, 4/11/99

Republicans are dependent on massive contributions from their wealthy friends and special-interest allies – and therefore do not want reform. Similarly, in the 1999-2000 election cycle, the Republican party collected \$715 million in campaign contributions – whereas the Democratic party collected \$520 million. In other words, the Republican party collected 38% more than the Democrats. And now with President Bush in office, Republicans expect to cash in even more, and have. In 2001, the Republican party committees raised more than \$231 million – 80% more than Democratic party committees.

In fact, the Republican National Committee raised a record-setting \$33 million at the President's Dinner in May. "Corporate donors included many firms that would be affected by issues pending in Congress, including energy and pharmaceutical companies, as well as accounting firms, which face proposals for new regulation after the Enron Corp. bankruptcy." (Washington Post, 5/15/02)

The lengths to which they are willing to go in the money chase was sadly illustrated when Republicans were caught selling a picture of the President phoning the Vice President on September 11th to finance their political campaigns. This was widely denounced as an attempt to cash in on September 11th patriotism. It is clear that Republicans will go to any length to raise campaign cash, and that they are determined be able to continue to cash in as they legislate on behalf of their special interest big money friends. That is why they fought so hard and long to kill campaign reform: it was a matter of self-preservation.

III. GOP Fail as American People Face Real Difficulties

The House GOP's partisanship and legislative failures are all the more critical because they come at a time when our nation's families are facing difficult issues. They are wondering how they are going to pay for the medicines they need or whether they are they going to be laid-off from their job. They worry about their pensions as their 401(k) statements arrive showing large losses due to the decline in the stock market.

Virtually every economic indicator in the past two years during Republican control of the agenda has headed in the wrong direction. The poverty rate has gone up, income for middle-class families has declined, and the stock market just experienced its worst September since the Great Depression. More than two million people have lost their jobs since the Republican economic plan was enacted.

The following describe some of the economic and kitchen table issues that are facing America's families, as Republicans are passing "press release" bills:

- Unemployment is increasing. The unemployment rate averaged 4.1% in 2000 and reached a 30 year low of 3.9% in October 2000. Today, the unemployment rate has increased to 5.7%. There are presently 8.1 million unemployed Americans, an increase of 2.5 million compared to 2000. The number of Americans experiencing long-term unemployment -- over 27 weeks -- has almost doubled in the last year.
- Job creation has reversed. In 2000, the economy created 1.7 million new jobs.
 This trend has been reversed, and the economy has lost 2 million jobs since
 President Bush took office in January 2001.
- **Poverty is increasing.** After decreasing for eight straight years, the poverty rate increased to 11.7% in 2001. In 2001, 1.4 million more Americans slipped back into poverty, for a total of 32.9 million Americans living in poverty in 2001.
- **Incomes are falling.** After increasing every year since 1991, median household income in the United States fell 2.2% in 2001. Median incomes fell for households in every income group in the country except for those earning over \$150,000.
- Hundreds of thousands of Americans are filing for bankruptcy. Almost 800,000
 Americans filed for bankruptcy in the first half of 2002. In the second quarter of 2002, over 400,000 bankruptcies were filed in the United States, an all-time high.
- Mortgage foreclosures are at record highs. In the second quarter of 2002, 1.23% of home loans were in the foreclosure process, a record level. Over this same time period, almost 5% of mortgage loans were delinquent, up almost 20% from the average delinquency rate in 2000
- The federal budget deficit is increasing. In 2000, the federal budget, excluding

Social Security, showed a surplus of \$86.6 billion. The most recent figures from the Congressional Budget Office indicate that for FY 2002, the federal budget, excluding Social Security, will show a deficit of \$314 billion. This represents the largest budget decline in U.S. history, and it is the third-largest on-budget deficit in history, exceeded in size only by the deficits of 1991 and 1992 under the first President Bush.

- The number of Americans without health insurance is increasing. Between 1999 and 2000, the number of uninsured Americans fell by 600,000. But this trend has reversed itself and in 2001 the number of uninsured Americans increased by 1.4 million. Over forty-one million Americans -- 14.6% of the population -- had no health insurance coverage in 2001. The percentage of small businesses offering insurance to their employees fell by 10% between 2000 and 2002.
- **Health insurance costs are increasing rapidly.** Health insurance costs increased by 12.7% in 2002, the second consecutive year of double-digit increases and the largest annual increase in costs since 1990.
- Prescription drug prices are rising rapidly. Overall, prescription drug prices increased by almost twice the rate of inflation in 2001. For seniors, who use the most prescription drugs, cost increases were even higher. The cost of the 50 most popular drugs for seniors increased by 7.8% in 2001, over three times the rate of inflation. The price of Prilosec, the most popular drug for seniors, increased at over four times the rate of inflation.

Table 1.
Unemployment Rates and Exhaustion Numbers, by State

	Unemploy	ment Rates	Exhaustion Numbers, August 2002		gust 2002
State	Aug. 2001	Aug. 2002	Regular Benefits	Change from Aug.2001	TEUC Benefits
Alabama	5.4	5.7	3,720	14%	
Alaska	6.3	7.3	1,234	33%	1,562
Arizona	4.7	5.7	5,369	53%	2,008
Arkansas	5.2	5.0	3,084	32%	2,199
California	5.5	6.2	63,299	72%	1,562
Colorado	3.8	5.1	4,698	75%	4,075
Connecticut	3.6	4.0	4,204	70%	2,885
Delaware	3.3	3.8	880	46%	547
Dist. of Col.	6.7	5.9			
Florida	4.9	5.3	13,944	39%	12,561
Georgia	3.9	4.6	8,246	36%	11,572
Hawaii	4.3	4.0	913	52%	869
Idaho	4.9	5.3	1,220	82%	1,156
Illinois	5.5	6.2	17,076	41%	13,303
Indiana	4.6	5.2	6,082	17%	4,121
Iowa	3.4	3.7	2,282	30%	2,201
Kansas	4.3	4.5	2,826	93%	1,661
Kentucky	5.6	5.2	3,051	32%	2,074
Louisiana	5.6	5.9	2,968	48%	1,726
Maine	4.2	4.0	893	65%	643
Maryland	4.1	4.3	3,859	49%	2,425
Massachusetts	4.0	5.2	12,093	91%	10,752
Michigan	5.5	6.2	14,183	33%	11,071
Minnesota	3.7	4.3	4,992	70%	3,847
Mississippi	5.5	6.1	2,309	10%	1,959
Missouri	4.8	4.7	5,800	36%	3,611
Montana	4.5	4.0	561	11%	***************************************
Nebraska	3.1	3.4	1,330	43%	***************************************
Nevada	5.3	5.1	2,765	41%	1,932

New Hampshire	4.0	4.7	613	na	383
New Jersey	4.3	5.3	15,362	42%	17,220
New Mexico	4.7	6.1	1,299	60%	616
New York	5.0	5.8	33,508	38%	24,396
North Carolina	5.7	6.3	10,465	69%	7,626
North Dakota	2.8	3.2	208	59%	113
Ohio	4.4	5.5	11,609	37%	8,356
Oklahoma	4.0	4.2	2,409	76%	1,700
Oregon	6.7	7.0	6,036	45%	473
Pennsylvania	4.8	5.3			
Rhode Island	4.7	4.8	1,461	30%	969
South Carolina	5.7	5.4	4,717	51%	3,474
South Dakota	3.4	2.6	151	107%	92
Tennessee	4.4	4.6	6,068	8%	5,467
Texas	5.1	6.1	24,143	35%	16,639
Utah	4.4	5.0	2,185	79%	2,183
Vermont	3.7	4.2	584	198%	236
Virginia	3.7	4.1	5,754	126%	3,472
Washington	6.5	7.2	8,721	58%	3,707
West Virginia	4.8	5.9	988	25%	604
Wisconsin	4.5	5.2	6,149	45%	4,949
Wyoming	4.0	3.6	282	106%	267
Puerto Rico	12.0	12.1	6,805	30%	6,411

Source: U.S. Department of Labor

Table 2. 401 (k) Losses and Personal Bankruptcy Filings

State	401(k) Losses Dec. 2000-2001 (in \$ billions)	Personal Bankruptcy Filings 2nd Quarter 2002
Alabama	2.69	10,140
Alaska	0.37	336
Arizona	2.42	7,603
Arkansas	1.35	5,592
California	18.20	37,113
Colorado	2.65	5,416
Connecticut	2.52	3,099
Delaware	0.55	816
District of Columbia	a ——	602
Florida	7.17	23,534
Georgia	5.25	17,465
Hawaii	0.77	1,105
Idaho	0.74	2,366
Illinois	8.66	19,996
Indiana	4.49	13,839
Iowa	2.18	3,100
Kansas	1.93	3,970
Kentucky	2.56	6,800
Louisiana	2.23	6,665
Maine	0.93	1,122
Maryland	3.80	8,839
Massachusetts	4.27	4,581
Michigan	7.67	13,475
Minnesota	4.12	4,658
Mississippi	1.48	5,265
Missouri	4.17	8,325
Montana	0.52	1,206
Nebraska	1.24	1,994
Nevada	1.08	5,240
New Hampshire	0.94	978
New Jersey	5.56	10,719

New Mexico	0.91	2,131	
New York	10.78	18,589	
North Carólina	5.02	8,735	
North Dakota	0.46	492	
Ohio	8.27	19,787	
Oklahoma	1.79	6,215	
Oregon	2.19	6,194	
Pennsylvania	8.65	13,614	
Rhode Island	0.70	1,289	
South Carolina	2.52	3,708	
South Dakota	0.52	650	
Tennessee	3.37	14,986	
Texas	11.47	18,606	
Utah	1.24	5,389	
Vermont	0.43	441	
Virginia	4.87	10,937	
Washington	3.90	9,804	
West Virginia	0.97	2,443	
Wisconsin	4.40	6,677	
Wyoming	0.32	617	

Sources: Institute for America's Future; America Bankruptcy Institute.

Median Income, 2001 (State-By-State)

New Hampshire \$51,331 -1.9 New Jersey \$51,771 -0.1 New Mexico \$33,124 -8.2 New York \$42,114 0.6 North Carolina \$38,162 -3.1 North Dakota \$35,793 -3.3 Ohio \$41,785 -5.4 Oklahoma \$35,609 6.8 Oregon \$41,273 -5.5 Pennsylvania \$43,499 0.3 Rhode Island \$45,723 5.4 South Carolina \$37,763 -2.2 South Dakota \$39,671 5.8 Tennessee \$35,783 2.1 Texas \$40,860 3.0 Utah \$47,342 -3.1 Vermont \$40,794 0.2 Virginia \$50,241 3.6 Washington \$42,490 -2.8 West Virginia \$29,673 -1.8 Wisconsin \$45,346 -2.2	State	Median Income (2001)	Change from 2000 (%)
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			AND THE PROPERTY OF THE PROPER
	Wyoming	\$39,719	-2.2 -2.5

Source: U.S. Census Bureau, Current Population Survey, 2000, 2001, and 2002 Annual Demographic Supplements

Prescription Drug Prices, 2001 (State-By-State)

State	Average \$\$ (2001)	Increase over	2000 Avg. \$\$ (Rank)	
United States	\$49.84	9.7		
Alabama	\$41.25	8.6	51	
Alaska	\$59.83	7.7	1	
Arizona Arkansas	\$49.28 \$42.01	10.4 8.4	19 50	
California	\$48.62	10.4	22	
Colorado	\$47.99	10.4	26	200000
Connecticut	\$52.93	8.8	9	
Deleware	\$53.52	9.4	8	
Dist. of Columbia Florida	\$58.56 \$53.94	10.7 9.1	3 7	
Georgia	\$45.02	9.7	45	
Hawaii	\$45.52	11.5	41	90000
Idaho	\$47.97	8.0	27	
llinois	\$49.36	9.6	18	Secondary Control
Indiana Iowa	\$47.39 \$44.96	10.4 8.0	29 46	
Kansas	\$46.21	9.0	35	
Kentucky	\$44.94	10.3	47	58606
Lousiana	\$45.84	9.0	39	
Maine	\$50.12	4.4	<u>16</u>	
Maryland Massachusetts	\$56.92 \$51.97	10.6 9.5	5 11	
Michigan	\$50.29	9.5 9.5	15	
Minnesota	\$55.79	10.0	6	B508
Mississippi	\$45.46	8.9	42	
Missouri	\$49.47	9.8	17	
Montana Nebraska	\$46.18 \$48.71	8.6 8.4	37 21	
Nevada	\$48.31	11.4	24	
New Hampshire	\$46.55	9.1	33	3000
New Jersey	\$59.18	10.0	2	
New Mexico New York	\$46.41 \$58.44	9.5	34	
North Carolina	\$48.25	10.6 8.6	4 25	
North Dakota	\$47.02	8.8	30	
Ohio	\$46.00	9.0	38	1008095
Oklahoma	\$47.91	10.5	28	
Oregon Pennsylvania	\$45.69	8.3	40	
Rhode Island	\$50.45 \$46.20	9.4 9.6	14 36	
South Carolina	\$46.57	8.7	32	
South Dakota	\$43.72	8.5	48	control
Tennessee	\$45.42	13.7	43	
Texas	\$50.84	10.1	12	
Utah Vermont	\$46.76 \$48.36	8.7 8.0	31 23	
Virginia	\$48.93	10.0	20	
Washington	\$50.54	8.8	13	assi
West Virginia	\$43.35	8.7	49	
Wiscoonsin	\$52.07	9.5	10	8888
Wyoming	\$45.16	8.3	44	

Sources: Verispan Scott-Levin, Source (TM) Prescription Audit: Special Data Request, 2001.

Health Insurance Coverage, 2001 (State-By-State)

	Not Insur	ed (2001)	Change 1	rom 2000
State	#	(%)	#	(%)
United States	41,207	14.6	2,524	0.6
Alabama Alaska	573 100	13.1 15.7	-27 -25	-0.4 -3.6
Arizona	950	17.9	157	1.8
Arkansas	428	16.1	64	2.2
California	6,718 687	19.5	437	1.4
Colorado Connecticut	346	15.6 10.2	124 -83	2.3 2.3
Deleware	73	9.2	-9	-1.2
Dist. of Columbia		12.7	-3	-1.7
Florida	2,856	17.5	-236	0.2
Georgia Hawaii	1,376 117	16.6 9.6	-241 0	2.0 -0.5
Idaho	210	16.0	14	0.4
llinois	1,676	13.6	17	0.1
Indiana	714	11.8	-13	-0.3
lowa Kansas	216 301	7.5 11.4	-32 0	-1.2 -0.1
Kentucky	492	12.3	-21	-0.1 -0.6
Lousiana	845	19.3	35	0.2
Maine	132	10.3	-13	-1.2
Maryland Massachusetts	653 520	12.3	152 75	2.5
Michigan	1,028	8.2 10.4	-75 46	-1.3 0.5
Minnesota	392	8.0	-38	-1.0
Mississippi	459	16.4	95	3.3
Missouri	565 121	10.2	-21	-0.4
Montana Nebraska	160	13.6 9.5	-41 -4	-4.9 -0.4
Nevada	344	16.1	33	0.5
New Hampshire	119	9.4	34	2.6
New Jersey	1,109	13.1	60	0.5
New Mexico New York	373 2,916	20.7 15.5	-54 114	-3.1 0.3
North Carolina	1,167	14.4	187	1.4
North Dakota	60	9.6	-9	-1.7
Ohio	1,248	11.2	29	0.3
Oklahoma Orogon	620 443	18.3 12.8	-16	-1.0
Oregon Pennsylvania	1,119	9.2	-22 214	-0.9 1.6
Rhode Island	80	7.7	25	1.8
South Carolina	493	12.3	45	0.4
South Dakota	69	9.3	-13	-2.5
Tennessee Texas	640 4,960	11.3 23.5	63 535	1.0 2.0
Utah	335	14.8	39	2.0 1.4
Vermont	58	9.6	-9	-1.1
Virginia	774	10.9	-112	-1.8
Washington West Virginia	780 234	13.1 13.2	0 -20	-0.2
west virginia Wisconsin	409	13.2 7.7	-20 23	-1.1 0.6
Wyoming	78	15.9	8	1.5

(# In Thousands)

Source: U.S. Census Bureau, Current Population Survey, March 2002

Poverty Levels, 2001 (State-By-State)

Change from 2000

		Change fro	m 2000
	# in Poverty	#	
State	(In Thousands),	(In	(%)
	2001	Thousands)	
Alabama	696	113	2.6
Alaska	54	7	0.9
Arizona	778	171	2.9
Arkansas	472	36	1.3
California	4,321	27	-0.1
Colorado	383	-42	-1.1
Connecticut	249	-9	-0.4
Deleware	53	-12	-1.7
Dist. of Columbia	101	17	3.0
Florida	2,077	323	1.7
Georgia	1,069	87	0.8
Hawaii Idaho	138	32	2.5
llinois	151 1,249	-11	-1.0
Indiana	1,249 511	-58	-0.6
lowa	212	-2 -2 5	0.0
Kansas	267	-25 54	-0.9 2.1
Kentucky	503	1	0.0
Lousiana	709	-41	-1.0
Maine	132	4	0.2
Maryland	385	-1	-0.2
Massachusetts	561	-57	-0.9
Michigan	927	-40	-0.5
Minnesota	361	85	1.7
Mississippi	539	121	4.4
Missouri	537	32	0.5
Montana	119	-7	-0.8
Nebraska	158	13	8.0
Nevada	152 81	-28	-1.7
New Hampshire New Jersey	683	25 74	2.0
New Mexico	323	71 11	0.8
New York	2,664	60	0.5
North Carolina	1,013	13	0.3 0.0
North Dakota	86	21	3.4
Ohio	1,174	57	0.5
Oklahoma	508	5	0.2
Oregon	408	37	0.9
Pennsylvania	1,158	125	1.0
Rhode Island	100	-6	-0.6
South Carolina	603	162	4.0
South Dakota	62	-17	-2.3
Tennessee	802	43	0.6
Texas	3,129	-75	-0.6
Utah	238	68	2.9
Vermont	59	-1	-0.3
Virginia Washington	564	-13	-0.3
Washington West Virginia	634	0	-0.1
West Virginia Wisconsin	291 423	30	1.7
Wyoming	423 42	-70 10	-1.4
	92 19119 Rureau Current De	-10	-2.1

Source: U.S. Census Bureau, Current Population Survey, March 2002

Top 10 Things House Republicans Do Not Want Voters to Know:

1. House Republicans Have a Plan to Privatize Social Security. There's no de nying it, Republicans have several risky plans to privatize Social Security and cut Social Security benefits, but they are afraid to act on it until after the Congressional elections. Republican leaders – from President Bush to Speaker Hastert to Majority Leader Armey to Whip Delay – are all on record in strong support of privatization. They support cutting benefits and taking funds that should be secure and putting them into risky stock market accounts.

GOP support for privatization is evidenced by their vote against Democrat Rep. Filner's amendment (H.AMDT.245 to FY 2002 Treasury-Postal Appropriations Bill) which would have stopped the President's Social Security Privatization Commission from moving forward with their plan to privatize Social Security. Furthermore, Democrats have tried to force Republicans to vote up or down on GOP privatization measures through the use of a "discharge petition" but Republicans continue to block this effort.

2. House Republicans Have No Economic Plan – Other Than Tax Cuts. While the economy is crashing around us, the House Republican Leadership continues to answer by touting more tax breaks for the wealthiest Americans and passing press release legislation that blames their failure to act on the Senate. Their only answer to today's economic problems is to make the \$2 trillion in tax cuts permanent in 2011, even though this is the same economic agenda that helped create the present economic climate. It is apparent that the GOP is working on behalf of their special interests and not the public interest – Republicans held up unemployment benefits after September 11th in order to give corporate tax breaks to their campaign contributors, such as Enron.

Democrats have asked that Republicans sit down and write a new bipartisan economic plan that would kick start the economy and help unemployed workers and their families. Rep. Rangel introduced a bill (H.R. 5491) to extend unemployment benefits but Republicans are blocking it from coming to the House floor.

- 3. House Republicans Cannot Even Do the Basic Work of Governing Passing the Bills to Keep the Government Operating. Republicans have failed to fulfill one of the most fundamental tasks expected of Congress to pass the appropriations bills required to run the federal government. In fact, they have passed only two of the thirteen appropriations bills that must be enacted. The GOP have been unable to carry out their most basic responsibility because their economic program, which has squandered the federal budget surplus on tax cuts, has failed and their budget does not provide the necessary funds to meet critical needs of America's children and families.
- 4. House Republicans Have a Plan to Cut Education Funding. Republicans hope to put off voting on education funding until after the election for a reason they want to hide from the voters the fact that rather than fulfilling the promise of the No Child Left Behind Education Reform Act, the House Republicans are planning to cut education initiatives in the Act by a net total of \$90 million, leaving 6 million needy children behind.

Democrats offered a resolution calling on the House to pass an education spending bill that fulfills the promise of the bipartisan "No Child Left Behind" Act – Republicans blocked action on this resolution.

5. House Republicans Passed a Pension Bill for CEOs, and Not Employees. The House GOP Pension bill passed in the Spring would actually weaken employees' pension protections while doing the opposite for CEO pension plans. This Bill fails to hold corporate executives accountable, does not help employees to get their money back after 401(k) abuses, continues special treatment for company executive pension plans, and permits CEOs to cut more employees out of company retirement plans.

Congressional Democrats have a plan to take aggressive steps to ensure that what happened to Enron employees in losing their 401(k) retirement savings will never happen again. Republicans have voted down the Democrats' proposals to make CEOs play by the same rules as workers regarding corporate stock, and to end special pension protection for corporate managers who run corporations into bankruptcy.

- 6. House Republicans Have Blocked Efforts to Crack Down on Corporate Tax Dodgers. Republicans have been blocking reasonable Democratic legislation to end offshore corporate tax dodges. House Republicans are unabashedly stalling action on the Neal-Maloney bill that would finally put an end to this practice. House GOP Majority Leader Armey declared that he was emphatically "against the effort to curb [corporate] inversions". (CQ Weekly, 6/22/02)
- 7. The GOP Prescription Drug Bill Begins Privatization of Medicare and Was Written By and For the Drug Companies. In June, the House GOP leadership rammed through the House their fraudulent GOP prescription drug bill which was written to please the drug industry and to inoculate the Republicans for the November elections. The GOP sham plan forces seniors to deal with private insurance companies, and leaves gaps in coverage for nearly half of all Medicare beneficiaries.

Republicans denied Democrats an opportunity to vote on the only plan that would have provided a true Medicare prescription drug benefit that would create an affordable, meaningful and reliable Medicare prescription drug benefit.

8. House Republicans Have Never Really Supported Corporate Responsibility Legislation and Are Presently Working to Undercut the Measures that Have Been Enacted. Republicans worked publicly to undermine the Accounting Industry Reform Bill over the summer until they were forced to capitulate in light of the mounting corporate scandals. Now Republicans are attempting to weaken the legislation behind-the-scenes by removing pro-reform candidates from the new accounting oversight board.

Democrats introduced a more comprehensive corporate reform bill named "The Business, Investors', and Employees' Bill Of Rights", that not only included the accounting industry reforms, but also contained previous Democratic proposals dealing with employee pension protections, holding corporate executives accountable to their employees, and cracking down on corporations moving offshore to avoid U.S. taxes.

- 9. House Republicans Voted to Provide \$254 Million in Tax Breaks for Enron. In October of 2001, the House GOP passed an "economic stimulus" bill that repealed the corporate alternative minimum tax this repeal gave Enron a \$254 million tax break. The GOP has passed massive tax-cut bills on behalf of corporate interests that have blown a hole in the federal budget while providing little help for the faltering economy and virtually nothing for those who have lost their jobs and health insurance.
- 10. House Republicans have a Failed Agenda as they have worked for the Special Interests. Aside from legislation relating to September 11th and the war on terrorism, Republicans have failed to enact legislation to help American families. The have ignored the people's priorities, offering fraudulent plans on retirement security, economic security, prescription drugs, and economic growth in order to cover up their failed record. The reason for their failure: the special interests funding GOP campaigns. The GOP have written partisan legislation for the pharmaceutical industry, Wall Street, and the accounting industry, knowing that it would not be enacted instead of working in a bipartisan way to get real results for the American people.